

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 STR-08 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 DRC-01 /143 W

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R 301706Z APR 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 2517

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 10475

DEPT PASS TREAS FOR KORP AND MCCAMEY

E.O.11652: N/A

TAGS: EFIN, OECD

SUBJECT: PAYMENTS COMMITTEE MEETING APRIL 22, 1974

REFS: (A) PC/A(74)3 (F) PC(74)3

(B) PC/M(74)2 (G) C(74)57

(C) C(74)31 (H) C(74)24

(D) PC(74)2 (I) OECD 7341

(E) C(74)39

1. SUMMARY. PAYMENTS COMMITTEE (PC( TENTATIVELY APPROVED REPORTS AND RELATED DECISIONS CONCERNING FILMS RESERVATIONS, FRENCH AND SWISS DEROGATIONS TO CAPITAL CODE, AND SPECIAL REPORT ON RESTRAINTS ON CAPITAL EXPORTS IN MEMBER COUNTRIES. ACTION REQUESTED: SEE PARAS 2, 3 AND 4 BELOW. END SUMMARY.

2. FIFTH EXAMINATION OF FILMS RESERVATIONS: PORTUGUESE DEL UNABLE TO ACCEPT DRAFT DECISION (REF C) INVITING PORTUGAL TO CONSIDER WITHDRAWING CERTAIN RESERVATIONS ON FILMS ITEM IN CODE AND ANNEX. SECRETARIAT REPORTED THAT  
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POSITIONS OF GERMANY AND AUSTRALIA (REPS NOT PRESENT)

CONCERNING THEIR RESPECTIVE PARTS OF DECISION NOT CLEAR, BUT IT WAS UNDERSTOOD AUSTRALIA MIGHT NOT ACCEPT. OTHER COUNTRIES MENTIONED IN DECISION (INCLUDING U.S.) COULD ACCEPT PROPOSED INVITATIONS TO FURTHER LIBERALIZATION FOR FILMS, IT BEING UNDERSTOOD THAT THE DECISION DID NOT BIND THEM TO ACTION WITHIN ANY SPECIFIC TIME FRAME. PC DISCUSSED AT LENGTH QUESTION OF WHETHER OR NOT DRAFT DECISION SHOULD BE REVISED BY PC TO ELIMINATE APPLICATION TO PORTUGAL. FINAL DECISION WAS THAT POSITIONS OF INDIVIDUAL COUNTRIES SUCH AS PORTUGAL SHOULD BE MADE CLEAR TO COUNCIL IN SEPARATE PC REPORT, WITH ANY NEEDED REVISION OF DECISION BEING LEFT TO THE COUNCIL. PORTUGAL UNHAPPY WITH THIS OUTCOME. PC LEFT DETAILS TO BE WORKED OUT BY PC CHAIRMAN AND SECRETARIAT IN CONSULTATION WITH COUNTRIES TO WHICH DECISION APPLIES. ACTION REQUESTED: MISSION WILL ACCEPT REF C IN COUNCIL AS IT APPLIES TO U.S. UNLESS OTHERWISE INSTRUCTED.

3. COMMENT ON PROCEDURES: PC HAS AUTHORITY TO REVISE IC PROPOSALS FOR DRAFT DECISIONS PRIOR FORWARDING TO COUNCIL, PROVIDING IT AGREES UNANIMOUSLY ON THE REVISION. (THIS AUTHORITY DOES NOT EXTEND TO CONTENTS OF IC REPORTS.) SITUATION SEEMS LESS CLEAR CONCERNING A PROPOSED DECISION WITH WHICH ONLY ONE COUNTRY (THE COUNTRY TO WHICH THE DECISION APPLIES, I.E., TARGET COUNTRY) DISAGREES. SOME PC MEMBERS FEEL THAT IN LATTER CASE, PC SHOULD SUBMIT TO THE COUNCIL BOTH THE ORIGINAL IC DRAFT DECISION AND THE MODIFIED DECISION DESIRED BY THE DISSENTING TARGET COUNTRY. OTHER MEMBERS BELIEVE PC SHOULD REVISE DECISION AS NECESSARY TO MEET OBJECTIONS OF THE TARGET COUNTRY (OR COUNTRIES), AND THEREAFTER SEND ONLY THE REVISED DECISION TO COUNCIL. THIS LATTER METHOD WOULD BETTER ASSURE THE OBJECTIVITY AND INDEPENDENCE OF THE IC, SINCE IC MEMBERS MIGHT BE MORE LIKELY TO SUBMIT A STRONG PROPOSED DECISION TO COUNCIL (ALONG WITH EQUALLY STRONG REPORT) IF PC PERFORMS BUFFER FUNCTION OF REVISING DECISION TO ASSURE ACCEPTANCE BY TARGET COUNTRIES. OTHERWISE, IC ITSELF FREQUENTLY ONLY WILLING TO FORWARD PROPOSED DRAFT DECISIONS WHICH IT KNOWS IN ADVANCE WILL BE ACCEPTED BY ALL COUNTRIES, INCLUDING LIMITED OFFICIAL USE

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TARGET COUNTRIES. THUS, EVEN THOUGH IC TAKES DECISION BY MAJORITY RULE, STRONG OBJECTION BY ONE OR A FEW MEMBERS TO POSSIBLE CONSIDERATION BY COUNCIL OF A STRONG REPORT OR DECISION OFTEN MEANS THAT ONLY THE WEAKEST OR LEAST LIBERALIZING PROPOSED DECISIONS CAN BE EXPECTED TO BE FORTHCOMING FROM IC. IF PC REVISES DECISIONS PRIOR CONSIDERATION IN COUNCIL, COUNTRY REPS IN IC FEEL UNDER LESS PRESSURE TO DO THE WATERING-DOWN PROCESS IN IC. MISSION

BELIEVES THERE IS SOME ADVANTAGE TO HAVING, IN WRITING,  
IC REPORTS (AND DECISIONS) WHICH RECOMMEND GREATER DEGREE  
OF LIBERALIZATION THAN COUNTRIES ARE ULTIMATELY WILLING  
TO ACCEPT IN COUNCIL. ACTION REQUESTED: MISSION WOULD  
APPRECIATE WASHINGTON GUIDANCE THIS QUESTION.

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4. TERMINATION OF FRENCH DEROGATION TO CMC: ONLY QUES-  
TION REMAINING WITH REGARD TO REF E INVOLVES PARA L0 CON-  
CERNING STATEMENT TO EFFECT THAT FINANCING OF DIRECT IN-  
VESTMENT IS NOT COVERED BY CODE. AS REPORTED REF I, U.S.  
REP IN IC AND PC EARLIER POINTED OUT THAT IC HAS NOT YET  
TAKEN FIRM STAND THIS QUESTION (SEE ALSO PARA 3 REF F)  
AND THAT IT WAS UNFORTUNATE THAT REF E INCLUDED  
UNNECESSARY REFERENCE TO QUESTION. PC WAS PERSUADED THAT  
SIMPLE REQUEST BY PC TO IC TO CONSIDER THIS QUESTION  
FURTHER WOULD BE ADEQUATE TO ASSURE THAT PARA L0 REF E  
WOULD NOT SET PRECEDENT AND WOULD IN NO WAY BIND IC CON-  
CERNING EXTENT TO WHICH MEANS OF FINANCING IS COVERED BY  
CODE. QUESTION THUS CLEARLY LEFT OPEN FOR FURTHER CON-

SIDERATION. WITH THIS ASSURANCE, MISSION EXPECTS TO  
ACCEPT REF E IN COUNCIL AFTER ORAL REFERENCE TO THE FACT  
THAT IN U.S. VIEW IC HAS LEFT BASIC QUESTION UNDECIDED.  
ACTION REQUESTED: MISSION WILL ACCEPT REF E IN COUNCIL  
AS NOTED ABOVE UNLESS OTHERWISE INSTRUCTED.

5. TERMINATION OF SWISS DEROGATION TO CMC: REF G WAS  
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ACCEPTED BY PC FOR TRANSMISSION TO COUNCIL WITHOUT SUB-  
STANTIVE COMMENT.

6. IC REPORT ON RESTRAINTS AND OTHER OBSTACLES IN MEM-  
BER COUNTRIES AFFECTING EXPORTS OF CAPITAL: PC MEMBERS  
INITIALLY ACCEPTED REF H WITHOUT SIGNIFICANT COMMENT.  
HOWEVER, WHEN SECRETARIAT PROPOSED THAT REF H BE  
DERESTRICTED, NUMBER OF COUNTRIES INDICATED THEY HAD NO  
INSTRUCTIONS. SOME THOUGHT THEIR AUTHORITIES MIGHT HAVE  
TO RECONSIDER THE REPORT IN LIGHT OF POSSIBLE DERESTRIC-  
TION. U.S. REP SUGGESTED IT WOULD BE BETTER IF RECOM-  
MENDATION TO DERESTRICT DOCUMENT WERE LEFT ASIDE FOR  
TIME BEING SO THAT BASIC DOCUMENT COULD BE JUDGED  
INITIALLY ONLY IN TERMS OF ITS USEFULNESS TO OECD  
INTERNALLY. AFTER HAVING BEEN ACCEPTED BY COUNCIL IN  
THIS LIGHT, SUBSEQUENT RECOMMENDATION MIGHT GO FORWARD TO  
DERESTRICT. FEAR IS THAT OTHERWISE THE BASIC REPORT IT-  
SELF MAY BE WATERED DOWN IN AN ATTEMPT TO REACH WORDING  
AND CONCLUSIONS WHICH ALL COUNTRIES CAN ACCEPT FOR PUR-  
POSES OF DERESTRICTION. PC DECIDED TO SEND REPORT TO  
COUNCIL WITH POSSIBILITY OF DERESTRICTION TO BE RAISED  
ORALLY BY SECRETARIAT ONLY AFTER DOCUMENT HAD BEEN  
ACCEPTED BY COUNCIL. PC WILL REPORT TO COUNCIL ON URGENT  
NEED TO NOTE THE REPORT AND DISSEMINATE IT FOR WIDER USE  
WITHIN OECD.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, MEMBERSHIP, FILMS, AGREEMENT DRAFT, COMMITTEE MEETINGS, MEETING PROCEEDINGS, CAPITAL FLOWS, BANK LOANS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 APR 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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